From: Don Hartman <DEHartman@cbm-wa.com>
Sent: Wednesday, September 17, 2014 9:31 AM
To: DES Rules
Cc: DHartman@cbm-wa.com
Subject: COMMENTS on MPS Rule Making
Attachments: strategic_framework_6_14.pdf; page 11 from Performance Audit 1004989.pdf

Below are comments on several issues that I felt were important to get on the record for JARRC.

1. On the frequently asked questions section of Print Management on the DES website dated 20-June-2014 question 4 states;

4. Is an agency required to achieve savings with an MPS work Contract?
Answer: No. However, transition from an MFD work contract to the MPS work contract should result in savings compared to the agency's prior MFD work contract. See Print Management Guidelines #5.

The No answer is somewhat confusing since MPS was sold to the legislature using Performance Audit # 1004989 stating that if MPS was implemented in the state it would save Millions. If DES doesn't feel it needs to save money for the taxpayers then why are they going to force agencies to do it?
Why have the Print Management Guidelines not been released to the public prior to attempting to get the rules adopted? If you look at DES's Strategic Framework under Values (see attached strategic framework document) in the section on Openness DES states "We listen and communicate to promote understanding, transparency, and trust." Perhaps there is a little work needed to get this section implemented.

2. WAC 200-380-030(2)states;

(2) Agencies shall implement such strategies based on the successes of implementation of existing print management programs in state agencies.

The entire MPS push within state government in the State of Washington was brought about by the State Printer as a way to generate revenue for an agency that was in financial trouble. The Printer's office implemented the first MPS program at the Department of Ecology (the Success referred to in (2) above) The savings from Ecology were used as an example of what could be accomplished if MPS as Ecology had implemented was effected statewide. However if you look at the second attachment from Performance Audit #1004989 the State Auditor's office states "we did not verify the accuracy of the information provided." If the data is not verified it does not qualify as conforming to the Yellow Book of Accounting and in turn does not qualify as a Performance Audit. I contacted Chuck Pfeil and Larisa Benson at the Auditor's Office concerning the following:

Chapter 7 is entitled Reporting Standards for Performance Audits

Introduction

7.01 This chapter contains reporting requirements and guidance for performance audits conducted in accordance with generally accepted government auditing standards (GAGAS). The purpose of reporting requirements is to establish the overall approach for auditors to apply in communicating the results of the performance audit. The reporting requirements for performance audits relate to the form of the report, the report contents, and report issuance and distribution.[161]

7.02 For performance audits conducted in accordance with GAGAS, the requirements and guidance in chapters 1 through 3, 6, and 7 apply.

This comes from Chapter 6 (with my highlights):

6.57 The concept of sufficient, appropriate evidence is integral to an audit. Appropriateness is the measure of the quality of evidence that encompasses its relevance, validity, and reliability in providing support for findings and conclusions related to the audit objectives.[148] In assessing the overall appropriateness of evidence, auditors should assess whether the evidence is relevant, valid, and reliable. Sufficiency is a measure of the quantity of evidence used to support the findings and conclusions related to the audit objectives. In assessing the sufficiency of evidence, auditors should determine whether enough evidence has been obtained to persuade a knowledgeable person that the findings are reasonable.

6.58 In assessing evidence, auditors should evaluate whether the evidence taken as a whole is sufficient and appropriate for addressing the audit objectives and supporting findings and conclusions. Audit objectives may vary widely, as may the level of work necessary to assess the sufficiency and appropriateness of evidence to address the objectives. For example, in establishing the appropriateness of evidence, auditors may test its reliability by obtaining supporting evidence, using statistical testing, or obtaining corroborating evidence. The concepts of audit risk and significance assist auditors with evaluating the audit evidence.[149]

b. Validity refers to the extent to which evidence is a meaningful or reasonable basis for measuring what is being evaluated. In other words, validity refers to the extent to which evidence represents what it is purported to represent.

This is interesting … This is what SAO needs to do once they realize the Managed Print Performance Audit did not meet Yellow Book Standards

7.07 If, after the report is issued, the auditors discover that they did not have sufficient, appropriate evidence to support the reported findings or conclusions, they should communicate in the same manner as that used to originally distribute the report to those charged with governance, the appropriate officials of the audited entity, the appropriate officials of the organizations requiring or arranging for the audits, and other known users, so that they do not continue to rely on the findings or conclusions that were not supported. If the report was previously posted to the auditors' publicly accessible website, the auditors should remove the report and post a public notification that the report was removed. The auditors should then determine whether to conduct additional audit work necessary to reissue the report, including any revised findings or conclusions or repost the original report if the additional audit work does not result in a change in findings or conclusions. Are the citizens able to hold anyone accountable within State government? Nothing happened.

I also contacted the Department of Ecology and the state Printer's office through a Public Records request asking for how it was determined that money was saved at Ecology. A before and after financial comparison, neither agency could provide that information.

MPS Providers have a tool in their proposal maker that **ESTIMATES** what the savings will be. The **ESTIMATE** can be adjusted up or down at the vendors discretion. The only way to determine real savings is if a thorough (time consuming task for the agencies) assessment with real agency data is compiled. Without that step being accomplished all there are for savings is a guess.

3. The following statement was taken from a settlement agreement between Capital Business Machines and DES

SETTLEMENT AGREEMENT AND RELEASE OF CLAIMS
Capital Business Machines, Inc. v. State of Washington, et al.
Thurston County Superior Court, Cause No. 13-2-01209-7

Further, DES will not make statements discouraging state agencies from doing business with CBM.

How can it be right for a cabinet level agency to go after a small business in the State of Washington. Just because the small business wants said agency to make rules, and thorough rules, not after the fact guidelines that cannot be challenged before approving the expenditure of taxpayers money?

There used to be a give and take between the vendor community and DES or GA staff, a mutual respect if you will, but those days are passed. I have no animosity against DES staff, and I do not want all the business as I could not handle it. Capital Business Machines has been around for 62 plus years for a reason because we take care of the customer and we want the best for them, they will be with us for decades. So as taxpayers we want the best for our customers in the private sector as well as state agencies.

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